

VZCZCXYZ0036
RR RUEHWEB

DE RUEHBU #1171/01 2322032
ZNR UUUUU ZZH
R 192032Z AUG 08
FM AMEMBASSY BUENOS AIRES
TO RUEHC/SECSTATE WASHDC 1843
INFO RUEHRC/DEPT OF AGRICULTURE WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RHMFIUU/HQ USSOUTHCOM MIAMI FL
RUCNMER/MERCOSUR COLLECTIVE

UNCLAS BUENOS AIRES 001171

USDA FOR FAS/OA/OCRA/ONA/OGA/OFSO

SIPDIS
SENSITIVE

E.O. 12958: N/A
TAGS: [EAGR](#) [ECON](#) [AR](#)

SUBJECT: ARGENTINE FARM LEADER LUCIANO MIGUENS COMMENTS ON FARM
DISPUTE

1. (SBU) SUMMARY: The Ambassador met with Luciano Miguens, President of the Rural Society of Argentina (SRA), during the Palermo Livestock Show in Buenos Aires city. Miguens gave his views on the recent farm strike and its political and economic impact. While pleased that the government had repealed the controversial variable export tax, Miguens noted that the government implemented numerous new regulations during the farm dispute which have increased controls and limitations on the sector. He stated that the farm groups have a good relation with newly appointed Secretary of Agriculture Carlos Cheppi, but the latest government actions indicate that the farm problem is not resolved. END SUMMARY

2. (SBU) The Ambassador met with Luciano Miguens on July 31 at the annual Palermo Livestock Show in Buenos Aires to discuss developments in the agricultural sector. As president of the SRA, the oldest farm organization in Argentina, Miguens was part of the four member commission (Mesa de Enlace) that represented the rural sector during the farm strike and in subsequent discussions with the government. Widely considered one of the more moderate agricultural representatives, Miguens was concerned about the future direction of government policies towards the sector. The government boycott of participation in the traditional Palermo Livestock Show served to highlight the ongoing differences between the GOA and the farm sector. While the GOA agreed to withdraw the variable export tax after it was defeated in Congress, Miguens noted that other measures introduced during the course of the farm strike to limit exports and control the agricultural market remain in place.

Beginning of the Farm Strike

3. (SBU) Miguens described as unbelievable and unnecessary the farm crisis created by the government in March 2008 when it issued Resolution 125. The resolution created a sliding scale for export taxes on grains and oilseeds, which in the case of soybeans, went from 35 percent to over 44 percent and above. Miguens said that instead of taking advantage of the world's strong demand for agricultural commodities, the government took measures to discourage production and reduce exports. The country lost more money during these four months as a result of the farm dispute than what the government aimed to collect with the new tax increase.

Pessimistic over Government Signals

4. (SBU) When asked if he considered the farm problem overcome after the Senate voted against Resolution 125, he seemed pessimistic. A week after the government's defeat in Congress, the newly appointed Secretary of Agriculture, Carlos Cheppi, stated that

he would only receive the farm organizations individually and not as a group (the Mesa de Enlace). Cheppi did not invite the farm groups to his swearing in ceremony and immediately announced that he would not attend the official inauguration of the Palermo Show, as most Secretaries have done in the past and even most Presidents. The government also lifted all official stands at the show and convinced several provincial governments to do the same. At the time the meeting took place, the Secretary of Agriculture had not called the farm sector leaders to a meeting. (The invitation came a week later and he did receive all farm leaders.)

Unity of the Farm Sector was Key

15. (SBU) Miguens highlighted the importance of having the four most representative farm groups continue working together on common problems and lobbying the government to develop a comprehensive policy for the farm sector. Despite different political and economic leanings among the farm groups, the farm groups united in response to the government's tax pressure, increased controls and marketing limitations, and the lack of long term agricultural policies. He also indicated that the government tried, to no avail, to break the unity of the farm groups by offering separate measures for small producers and those in more remote regions. Miguens said he expects the farm organizations will continue to work together, although he felt that trying to create an official unified farm entity could bring more problems than solutions.

Urban Support for the Farm Sector

16. (SBU) Miguens also told the Ambassador that during the farm strike the agricultural sector was surprised by the strong support received from the public in large cities. Much of this support was a result of the government's poor management of the crisis. The farm sector now realizes the importance of working closely with politicians, especially rural town mayors, and senators and congressional representatives. When asked what he thought would happen in next year's mid-term elections, Miguens indicated that one of the farm's sector main challenges is to maintain this strong support through October 2009.

Carlos Cheppi, New Secretary of Agriculture

17. (SBU) Miguens described newly appointed Secretary of Agriculture Cheppi as a good technician well known to the farm sector. As former president of INTA (the National Institute of Agricultural Technology), the major farm groups had worked closely with him in the past. He mentioned that Cheppi had developed a good relation with Venezuela while directing INTA projects to provide agricultural technical advice in Venezuela.

More Controls, More Limitations

18. (SBU) Miguens stated that once the Palermo show was over, the farm organizations would start focusing on addressing the numerous measures that the government, mainly through ONCCA (the National Control Entity for Agricultural Commercialization), had implemented during the last four months of the farm strike. New regulations gave the government greater authority to control exports across a broad range of agricultural products. The government is using these regulations restrict exports and keep down the domestic price of beef, dairy products, corn, wheat and other agricultural products. Miguens' SRA is also concerned about legislation being prepared in the Congress, which would create an official entity with the power to buy and sell agricultural commodities.

Rural Society of Argentina

19. (U) The SRA was created in 1866 to represent the traditional

large landowners of Argentina. It currently has almost 10,000 members, mostly devoted to livestock production and farming. Miguens will finish his second term in September and will be replaced by Hugo Biolcati, current vice president. The SRA played a key role as one of the members of the Mesa de Enlace, the joint group of the four most important local farm groups (together with Confederaciones Rurales Argentina, Federacion Agraria Argentina and Coninagro), during the 4-month long farm strike.

¶10. (U) At the end of the meeting, Miguens thanked Ambassador Wayne for his visit. Both noted the importance of having good relations between neighbors, since the SRA's Palermo show fairground borders the Embassy.

COMMENT

¶11. (SBU) Comment: The repeal of the variable export tax in July was not the end of the differences between the GOA and the farm sector. The farm groups are now pushing to address other concerns at a time when the GOA seems to be determined to maintain strong controls over the strategic agricultural sector. The GOA has decided to back off, at least for now, on increasing agricultural export taxes, but this and other issues are likely to be at the forefront of relations between the rural sector and the government between now and the legislative elections in 2009. End Comment

WAYNE